

Message Text

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SUBJECT: FOREIGN INVESTMENT IN HOST COUNTRY'S FISHERY

REF: A. STATE 084700, B. 77 GEORGETOWN 2717, C. GEORGETOWN A-11

1. NO COMPREHENSIVE LAW ON FOREIGN INVESTMENT EXISTS IN GUYANA. FOREIGN FISHING FIRMS ARE SUBJECT TO THE MARITIME BOUNDARIES ACT ENACTED JUNE 30, 1977, WHICH ESTABLISHES A 200 MILE FISHING ZONE. REGULATIONS ISSUED BY THE MINISTRY OF AGRICULTURE UNDER AUTHORITY OF THE ACT REQUIRE FOREIGN OWNED FIRMS TO PAY ANNUAL LICENSING FEES FOR FISHING RIGHTS, G\$100,000 (US\$39,290) PER FOREIGN BASED VESSEL, G\$50,000 (US\$19,645) PER LOCALLY BASED VESSEL EXCEEDING 100 FEET AND G\$12,500 (US\$4,912) PER LOCALLY BASED VESSEL LESS THAN 100 FEET, SEE REFTEL B. FOREIGN OWNED PROCESSING PLANTS ARE SUBJECT TO GENERAL INCOME TAX, LAWS, IMPORT LICENSING AND FOREIGN EXCHANGE CONTROLS, AS DESCRIBED IN REFAIR.

2. GEORGETOWN SEAFOODS, A U.S. OWNED FIRM, OPERATES A PROCESSING FACILITY AND SERVICES 70 ODD LOCALLY BASED U.S. FLAG SHRIMP TRAWLERS, NOW LICENSED TO OPERATE IN THE GUYANA FISHERY ZONE. U.S. TRAWLER COMPANIES ARE PRINCIPAL SHARE HOLDERS, ALTHOUGH THERE ARE TOKEN LOCAL INTERESTS. UNDER AN INFORMAL AGREEMENT WITH THE MINISTRY OF AGRICULTURE, FIRM SUPPLIES LOCAL GOVERNMENT OWNED FOOD
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PROCESSING ENTERPRISE WITH BY-CATCH AT MINIMAL PRICES FOR LOCAL MARKET. SHRIMP IS EXPORTED DIRECTLY WITHOUT EXPORT TAX. LOCAL MARKETING HAS BEEN RESERVED BY VARIOUS STATE ENTERPRISES.

3. ANSWERS TO SPECIFIC QUESTIONS REFTEL A ARE THAT HOST COUNTRY LAW DOES NOT RESTRICT FOREIGN PARTICIPATION IN

LOCAL FISHERY INDUSTRY, OTHER THAN THROUGH FISHING LICENSES, WHICH ARE READILY ISSUED UPON PAYMENT OF FEES. IN PRACTICE, ALL FIRMS, BOTH LOCAL AND FOREIGN OWNED, ARE SUBJECT TO A BATTERY OF TAX, IMPORT LICENSING, FOREIGN EXCHANGE AND COMMERCIAL REGULATIONS WHICH NECESSITATE GOVERNMENTAL CONSULTATIONS. FOREIGN FIRMS ARE ELIGIBLE FOR FISCAL INCENTIVES, INCLUDING BENEFITS UNDER THE TAX (IN AID OF INDUSTRY) ACT AND FREE IMPORTATION OF CAPITAL EQUIPMENT, BUT THESE REQUIRE THE APPROVAL OF THE CABINET. THE STATED HOST GOVERNMENT POLICY TO LIMIT FOREIGN INVESTMENT TO JOINT VENTURES IN SELECTED AREAS HAS NOT AFFECTED OPERATIONS OF GEORGETOWN SEAFOODS. FIRM FILES INCOME TAX RETURNS AND FURNISHES THE MINISTRY OF ECONOMIC DEVELOPMENT CENSUS TYPE INFORMATION. WITH THE EXCEPTION OF ACCESS TO LOCAL CREDIT AND REDUCED LICENSE FEES TO FISH, LOCAL LAWS AND REGULATIONS DO NOT APPEAR TO DENY DOMESTIC ENTITIES WITH FOREIGN INTERESTS BENEFITS OTHERWISE AVAILABLE TO LOCALLY OWNED FIRMS.

4. EMBASSY POUCHING COPY OF MARITIME BOUNDARIES ACT AND LICENSING REGULATIONS.

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